

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB STORY**, on March 22, 2001 at 8:00 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Bob Story, Chairman (R)
Rep. Ron Erickson, Vice Chairman (D)
Rep. Roger Somerville, Vice Chairman (R)
Rep. Joan Andersen (R)
Rep. Keith Bales (R)
Rep. Joe Balyeat (R)
Rep. Gary Branae (D)
Rep. Eileen Carney (D)
Rep. Larry Cyr (D)
Rep. Rick Dale (R)
Rep. Ronald Devlin (R)
Rep. John Esp (R)
Rep. Gary Forrester (D)
Rep. Daniel Fuchs (R)
Rep. Verdell Jackson (R)
Rep. Jesse Laslovich (D)
Rep. Trudi Schmidt (D)
Rep. Butch Waddill (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: None.

Members Absent: None.

Staff Present: Jeff Martin, Legislative Branch
Rhonda Van Meter, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 263, SB 281, SB 264,
3/20/2001

Executive Action: HB 534, HB 619, SB 264, SB 263

HEARING ON SB 263

Sponsor: SEN. DALE MAHLUM, SD 35, MISSOULA

Proponents: Jeffrey Tiberi, Executive Director, MT. Heritage
Commission
Arnie Olsen, Director, MT. Historical Society
Stuart Doggett, MT. Innkeepers Association
Doug Monger, Administrator, Parks Division, MT.
Fish, Wildlife & Parks
Amy Sullivan, MT. Tourism Coalition

Opponents: None

Informational Witnesses: Anna Ray Moe, Department of Commerce,
Travel Montana

Opening Statement by Sponsor:

SEN. DALE MAHLUM, SD 35, MISSOULA, stated this bill pertains to funding towards Montana Heritage. He gave a background of the bill and explained the funding for historic sites of Montana. He mentioned the need for \$400,000 per year coming from the bed tax.

Proponents' Testimony:

Jeffrey Tiberi, Executive Director, MT. Heritage Commission, handed in his testimony **EXHIBIT**(tah65a01).

Arnie Olsen, Director, MT. Historical Society, handed in his testimony **EXHIBIT**(tah65a02). He presented information on the management of Montana history **EXHIBIT**(tah65a03). He said this bill contains critical operational funding for the Montana Heritage Commission.

Stuart Doggett, MT. Innkeepers Association, explained the background of additional funds to support the heritage of Montana. He felt the money received had been spent wisely and they liked the idea of where the funds would be distributed. He urged support of this bill.

Doug Monger, Administrator, Parks Division, MT. Fish, Wildlife, & Parks, presented his testimony **EXHIBIT**(tah65a04).

Amy Sullivan, MT. Tourism Coalition, added this bill would benefit other properties around Montana. She urged support of this bill.

Opponents' Testimony: None

Informational Witnesses: Anna Ray Moe, Department of Commerce, Travel Montana, supports this legislation and would be available for questioning.

Questions from Committee Members and Responses:

REP. KEITH BALES asked what part of the distribution does the \$400,000 come from. **SEN. MAHLUM** said it doesn't have a specific place it comes from. He added the tax money coming into the state is distributed into one fund.

REP. JOE BALYEAT asked to expand upon the revenue sites within the state. **Doug Monger** explained historic sites and which were self sufficient.

REP. BALYEAT asked about the destination and if there was any disagreement pertaining to the site. **Doug Monger** didn't believe there was any discrepancy over this issue. He explained the problems involved with Virginia City.

REP. RON ERICKSON asked how much money the Montana Historical Society receives from the state. **Arnie Olson** said the Montana Historical Society doesn't receive any funds for Virginia City.

REP. ERICKSON wanted to know who the players were and the budget for the Historical Society. **Arnie Olson** said the budget is approximately \$3 million and half is general fund and the rest is federal funds.

REP. GARY FORRESTER referred to the fiscal note and asked is the increase going to certain sites. **Anna Ray Moe** mentioned the tax formula and where the \$400,000 goes into the Heritage Commission. She explained what was left to distribute among the sites.

REP. FORRESTER asked why the increase and what was being taken away from. **Anna Ray Moe** said currently the law is set up this way where money comes off the top. The Heritage Commission would receive the \$400,000 before the money is distributed according to percentages to the rest of the area.

CHAIRMAN BOB STORY asked why the bill wasn't drafted for the legislature to look at it again with a four year window. **Jeffrey Tiberi** felt the project had a backlog of work needed to be done and he explained the artifacts of reproduction.

CHAIRMAN STORY asked about the restoration training center and other programs. **Jeffrey Tiberi** mentioned a program where people pay to learn about the restoration process.

REP. BUTCH WADDILL asked about setting a system up for admission of people traveling through the parks. **Doug Monger** said within the state park system they cannot charge people using these rights of way.

REP. WADDILL asked what the Fish, Wildlife, & Parks has done for these parks to become more self sufficient. **Doug Monger** said they use the same techniques as in Virginia City and encourage people to buy season passes. They increase the number of events to bring more people out and promotion of the parks.

{Tape 1; Side B}

REP. WADDILL asked about camping facilities being able to pay for the state. **Doug Monger** said there were facilities available and they were operated by a private entity. **Jeffrey Tiberi** explained the private camp grounds by Virginia City.

REP. WADDILL asked about the road access. **Jeffrey Tiberi** mentioned possibly rerouting that road along the historic site. He said they cannot close a state highway.

REP. BALYEAT wondered about the potential size used and where else they may distribute the funds. **Jeffrey Tiberi** said there were no other properties at this point to become self sustaining.

REP. Joan Andersen asked how successful the programs were currently. **Jeffrey Tiberi** answered there was a partnership with the Montana Historical Society Foundation, a private fund-raising program, and they had been successful in raising funds.

REP. LARRY CYR asked how many businesses were in Virginia City. **Jeffrey Tiberi** said there were over 100 employees and more employees come in during the seasonal months to work. He mentioned the number of people working within the area and the benefits they receive.

Closing by Sponsor:

SEN. DALE MAHLUM, SD 35, MISSOULA, summarized the bill and the need for the benefits for the state. He explained Virginia City and the background of history. He said there were no funds to take care of the history and it is needed. He urged passage of this bill for the history of Montana.

HEARING ON SB 281

Sponsor: SEN. DALE MAHLUM, SD 35, MISSOULA

Proponents: Robert Throssell, MT. County Treasurers
Association
Peggy Trenk, MT. Association of Realtors

Opponents: None

Opening Statement by Sponsor:

SEN. DALE MAHLUM, SD 35, MISSOULA, said this bill revises the laws governing property tax payment. He stated a person, who was an owner of property being tax, must receive a notice of tax sale. He explained a tax sale and how the bill was drafted to provide a safety net for the elderly and their children. He read a note from a child of an elderly person and the taxes involved. He emphasized the need to protect people's property from being taken over.

Proponents' Testimony:

Robert Throssell, MT. County Treasurers Association, supported this legislation and stated the need for this bill to assist people dealing with property taxes.

Peggy Trenk, MT. Association of Realtors, said it was not uncommon for people to be contacted by companies to receive an appraisal. She gave an example of an appraisal offered to an elderly person with many medical bills and taxes. She supported this bill and asked the committee to do the same.

REP. VERDELL JACKSON, HD 79, KALISPELL, mentioned an encounter he had, which dealt with the notice to people and an attorney involved.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. JACKSON asked about the fiscal note and the technical note.
SEN. MAHLUM explained the original form of the bill.

REP. JACKSON referred to page two and asked if it could be a stamp on an existing form for a county commissioner to send out.
Robert Throssell said it would depend upon the counties computer

system and the smaller population counties would have to go to a stamp system.

REP. JACKSON referred to page four and asked about the person paying the delinquent taxes. **Robert Throssell** explained the person buying the tax certificate and the process involved.

REP. JACKSON asked if it was a single document with all the information listed. **Robert Throssell** believed it would be a separate document.

REP. JACKSON asked what would happen if the property owner could not be found. **Robert Throssell** said the system was set up to be able to contact the individual through a mailing notice.

{Tape 2; Side A}

REP. BALYEAT read a letter from a constituent regarding a notice of tax due. He asked if this bill would allow the original owner ability to pay the taxes. **SEN. MAHLUM** answered yes, this bill would allow the owner to show proof of the property.

REP. BALYEAT asked where in the bill was the opportunity to pay the taxes. **SEN. MAHLUM** explained the time frame and referred to the lines in the bill pertaining to the notice.

REP. BALYEAT asked if the person sending the notice would have proof it was received. **SEN. MAHLUM** said the committee could decide on the changes needed to draft the bill to pertain to the notice.

CHAIRMAN STORY asked about the process. **Dolores Cooney, Department of Revenue**, explained the process of taxes and when due. She stated the step involved with this bill offering another notice to the owner of a tax sale.

CHAIRMAN STORY wondered about a notice and when it would be sent. **Dolores Cooney** said it would be at the time of the tax sale. **Robert Throssell** explained the notice and time frame involved to pay.

REP. BALYEAT asked if there was evidence the property owner actually received a notice. **Robert Throssell** said there would have to be evidence through the certified mail process that a notice was mailed.

REP. BALYEAT thought the bill should be amended to show the owner actually received a notice. **Robert Throssell** said it is the

responsibility of the tax payer and the laws could be amended, but it would take more than this bill for the process.

REP. Andersen asked about the proposed payment with people paying the taxes. **SEN. MAHLUM** answered yes, that is the process.

REP. Andersen asked if an explanation would be given within the letter to an elderly property owner. **SEN. MAHLUM** stated that was the intent of the bill to offer notice to owners.

CHAIRMAN STORY referred to page four and asked about receiving a tax certificate and how they would know it wasn't the same person. **Robert Throssell** said it may be a possibility, but it doesn't usually occur.

Closing by Sponsor:

SEN. DALE MAHLUM, SD 35, MISSOULA, felt this bill would offer homeowners of the property be subject to tax sales. He said this legislation was a relief tax.

HEARING ON SB 264

Sponsor: **SEN. MIGNON WATERMAN, SD 26, HELENA**

Proponents: **Dan Anderson, Administrator, Addiction & Mental Disorders, DPHHS**
Christie Blazer, MT. Addiction Service Providers
Bill Kennedy, Yellowstone County Commissioner

Opponents: **None**

Opening Statement by Sponsor:

SEN. MIGNON WATERMAN, SD 26, HELENA, said this bill dealt with issues of clarifying alcohol taxes. She explained the alcohol tax funds and how they would be used, allowing to increase funds for treatment. She stated it would allow for the matching of medicaid tax dollars increasing the funds.

Proponents' Testimony:

Dan Anderson, Administrator, Addiction & Mental Disorders, DPHHS, presented a testimony **EXHIBIT (tah65a05)**.

{Tape 2; Side B}

Christie Blazer, MT. Addiction Service Providers, explained the treatment programs and people involved with the programs. She said alcohol excise money has funded the programs since 1977.

Bill Kennedy, Yellowstone County Commissioner, supported this bill and felt this legislation would offer the treatment needed to people. He explained the funds coming into the county and how it was distributed among the programs.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. ERICKSON asked if anyone would lose from this legislation. **SEN. WATERMAN** said there was no indication of a decline and there would be winners with this bill.

REP. ERICKSON asked why there would be a termination date. **SEN. WATERMAN** said it is a time frame for the programs to be working.

REP. JESSE LASLOVICH wondered about exceeding \$1.3 million. **Dan Anderson** explained the sentence he was referring to and the biennium levels. He said the \$1.3 million was the amount used for specific pilot programs and comes from HB 2.

REP. ROGER SOMERVILLE referred to Section four and asked about non-profit programs. **SEN. WATERMAN** said they were not eliminated and all of the programs would fall under private or public programs.

REP. BALYEAT wondered about the language pertaining to private or public. He asked if this bill did not pass, where would the money go. **Dan Anderson** said the trade off goes beyond the bill and the intent is for medicaid. He emphasized the treatment programs involved and there was a large number of people eligible for medicaid.

REP. Waddill asked if there would be any conflict with HB 317. **SEN. WATERMAN** thought it wouldn't effect this legislation.

REP. BALES asked how much was being received into the counties from the last biennium. **Dan Anderson** said in 1999 it was \$1.3 million per year and last year was \$1 million and projected for this fiscal year is \$1.4 million.

REP. BALES asked if there would be a cut of \$1.7 million. **Dan Anderson** said there would be a reduction of .7 for the biennium.

REP. JOHN ESP asked if there was already a process in place. **Dan Anderson** answered there was a process and he explained the program.

REP. ESP referred to lines 20 and 21 and asked about the programs. **Dan Anderson** said there shouldn't be any reason to mention private or public.

REP. ESP asked if some of the \$1.3 million would benefit the counties. **Dan Anderson** answered yes, it would provide services for medicaid recipients.

CHAIRMAN STORY asked if the counties were okay with the matching program. **Bill Kennedy** answered yes and explained issues dealing with this.

CHAIRMAN STORY asked if this money comes over a period of time and how the finances would work in this biennium. **Bill Kennedy** said there were funds available in the budget to distribute. He explained the funds during a fiscal year.

CHAIRMAN STORY asked if any state approved programs were out of state. **Dan Anderson** answered no.

REP. KARL WAITSCHIES asked why non-profit organizations are provided. **Dan Anderson** could not answer the question.

{Tape 3; Side A}

REP. FORRESTER asked how much the administration would charge. **Dan Anderson** said it was approximately \$100,000.

REP. FORRESTER asked if this bill would be earmarking accounts. **SEN. WATERMAN** didn't think so.

CHAIRMAN STORY asked about the programs and money being spent only on alcohol treatment. **Christie Blazer** said this bill would broaden the issue.

Closing by Sponsor:

SEN. MIGNON WATERMAN, SD 26, HELENA, clarified definitions and where the money would be distributed. She explained the funding from existing treatment programs and said the language within the amendment were stating a minimum. She stated the funds are available for the treatment of these illnesses and how this bill was needed.

EXECUTIVE ACTION ON HB 534

Motion: REP. ERICKSON moved HB 534 BE AMENDED. Information on tax credit was handed out EXHIBIT(tah65a06). Amendments were presented EXHIBIT(tah65a07).

Discussion:

Jeff Martin, Legislative Staff, explained the amendments.

REP. ESP didn't understand the translation of the interest earned. Jeff Martin explained the interest earned and the revenue calculated and generated to the general fund.

Substitute Motion/Vote: REP. ESP made a substitute motion STRIKING LANGUAGE IN THE AMENDMENT. Substitute motion carried unanimously.

Jeff Martin explained the segregation from yesterday's meeting. He clarified language being stricken.

REP. BALYEAT opposed the amendment due to the use of tobacco funds.

Motion: REP. ERICKSON moved HB 534 BE AMENDED. Amendment changes were handed out EXHIBIT(tah65a08).

Vote: Motion to pass 1, 2, 5-8 of the amendments carried 12-8 with REP. SOMERVILLE, REP. ANDERSEN, REP. BALES, REP. BALYEAT, REP. DEVLIN, REP. FORRESTER, REP. WAITSCHIES and CHAIRMAN STORY voting no.

REP. ERICKSON liked the program and wanted it to get started.

Substitute Motion: REP. ESP made a substitute motion CHANGING EFFECTIVE DATE TO JAN. 1, 2003.

Discussion:

REP. ERICKSON considered the effective date and supported it. REP. BALYEAT thought it wouldn't do any more good to the bill by changing the date.

Vote: Substitute Motion carried 12-8 with REP. SOMERVILLE, REP. BALES, REP. BALYEAT, REP. CYR, REP. DEVLIN, REP. FUCHS, REP. JACKSON and CHAIRMAN STORY voting no.

Motion/Vote: REP. ERICKSON moved HB 534 DO PASS AS AMENDED. Motion carried 11-9 with REP. SOMERVILLE, REP. ANDERSEN, REP. BALES, REP. BALYEAT, REP. DEVLIN, REP. ESP, REP. FUCHS, REP. WAITSCHIES and CHAIRMAN STORY voting no.

{Tape 3; Side B}

EXECUTIVE ACTION ON HB 619

Motion: REP. WADDILL moved HB 619 BE AMENDED. Amendments were presented to the committee **EXHIBIT**(tah65a09).

Discussion:

REP. WADDILL clarified the amendments. **Jeff Martin** said these amendments were similar to the first set sent around. He explained the cost involved of historical property.

REP. BALYEAT opposed the amendment and stated the percent involved.

REP. ERICKSON wondered about 29 years being the time frame.

Vote: Motion carried unanimously.

Motion/Vote: REP. WADDILL moved HB 619 DO PASS AS AMENDED. Motion carried 13-6 with REP. SOMERVILLE, REP. ANDERSEN, REP. BALES, REP. BALYEAT, REP. DEVLIN and CHAIRMAN STORY voting no.

EXECUTIVE ACTION ON SB 264

Motion: REP. ESP moved SB 264 BE AMENDED. Amendments were handed out **EXHIBIT**(tah65a10).

Vote: Motion carried 19-1 with REP. SOMERVILLE voting no.

Motion: REP. LASLOVICH moved SB 264 BE CONCURRED IN AS AMENDED.

Discussion:

REP. ESP referred to page two and asked if language should be changed. **Jeff Martin** explained under the chapter all was exclusive and what it referred to.

Vote: Motion carried 19-1 with REP. SOMERVILLE voting no.

EXECUTIVE ACTION ON SB 263

Motion: REP. ESP moved SB 263 BE CONCURRED IN.

Discussion:

Substitute Motion: REP. BALYEAT made a substitute motion TO ADD SUNSET CLAUSE AFTER SIX YEARS.

Discussion:

REP. SOMERVILLE felt this would be a good program by adding six years.

REP. ERICKSON asked how the money was to be spent. REP. SOMERVILLE explained HB 16 with the same language as this bill and where the funds were distributed.

{Tape 4; Side A}

Vote: Substitute Motion carried 19-1 with REP. LASLOVICH voting no.

Vote: Motion DO CONCUR AS AMENDED carried 18-2 with REP. BALYEAT and REP. DEVLIN voting no.

EXECUTIVE ACTION ON SB 92

Discussion:

Jeff Martin said amendments were handed out during the hearing. He explained clarifications with the amendments.

Motion/Vote: REP. ERICKSON moved the amendments. Motion carried unanimously.

Motion: REP. ESP moved SB 92 BE CONCURRED IN AS AMENDED.

Discussion to continue action on SB 92 in tomorrow's meeting.

ADJOURNMENT

Adjournment: 11:30 A.M.

REP. BOB STORY, Chairman

CECILE M. TROPILA, Transcriptionist

BS/RV

EXHIBIT (tah65aad)